

Message Text

UNCLASSIFIED

PAGE 01 BONN 03158 01 OF 03 211633Z
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 XMB-04 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 USIA-15 OPIC-06 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01
PA-02 L-03 H-02 DOE-11 SOE-02 ACDA-12 OES-07
IO-14 NRC-07 /170 W
-----108022 211720Z /40

R 211622Z FEB 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6033
DEPARTMENT TREASURY
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

UNCLAS SECTION 01 OF 03 BONN 03158

DEPARTMENT PASS EXIMBANK FOR ALBRIGHT
ALSO USOECD

TAGS: EFIN, ETRD, OECD
E.O. 11652: N/A
SUBJECT: SHARP INCREASE IN FRG EXPORT CREDIT GUARANT-
IES IN 1977

1. ACCORDING TO PRELIMINARY FIGURES RELEASED BY THE
FEDERAL MINISTRY OF ECONOMICS, EXPORT CREDIT
GUARANTIES GRANTED BY THE FEDERAL GOVERNMENT, THROUGH
ITS AGENT HERMES KREDITVERSICHERUNGS-A.G. (HERMES
CREDIT INSURANCE CORP.) INCREASED BY DM 51.3 BILLION IN
1977. THIS WORKS OUT TO A 51 PERCENT INCREASE OVER 1976
AND CONSTITUTES A CONTINUATION IN THE TREND
OVER THE PAST SEVERAL YEARS FOR GREATER USE OF GOVERN-
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 03158 01 OF 03 211633Z

MENT GUARANTIES IN GERMANY'S FOREIGN TRADE.

2. THE VALUE OF EXPORT TRANSACTIONS WHICH WERE INSURED
IN 1977 AMOUNTED TO DM 33.7 BILLION OR 12.3 PERCENT OF
TOTAL GERMAN GOODS EXPORTS. IN 1976, FOR COMPARISON,
GUARANTIES COVERED AN EXPORT VALUE OF DM 26.2 BILLION
WHICH WAS 10.2 PERCENT OF TOTAL EXPORTS. THE REMAINDER

OF THE DM 51.3 BILLION OR DM 17.6 BILLION IN EXPORT
GUARANTIES COVERED INSURED INTEREST PAYMENTS, PRODUCTION
RISKS AND OTHER RELATED ITEMS.

3. IN A BRIEF COMMENT ON DEVELOPMENTS, THE ECONOMICS
MINISTRY POINTS TO ISSUANCE OF GUARANTIES TO COVER
"LARGE" EXPORT PROJECTS AS A PRIMARY FACTOR IN THE
SHARP INCREASE IN 1977. THIS INCLUDES, AMONG OTHER
SALES, THE DELIVERY OF TWO NUCLEAR POWER
INSTALLATIONS TO BRAZIL. THE ECONOMICS MINISTRY FIGURES
ALSO SHOW THAT ON A REGIONAL BREAKOUT EXPORTS TO OPEC
COUNTRIES CONTINUE TO RECEIVE A LARGE AND DISPROPORTION-
ATE SHARE
OF NEWLY-ISSUED GUARANTIES.

4. TO KEEP PACE WITH THE STEADILY INCREASING DEMAND
FOR EXPORT CREDIT INSURANCE, THE FEDERAL GOVERNMENT
HAS RAISED ITS AUTHORIZATION CEILING IN RECENT YEARS
RATHER SHARPLY. IN 1977 THE CEILING ON OUTSTANDING
GUARANTIES WAS SET AT DM 110 BILLION OF WHICH DM 82.2
BILLION HAD BEEN UTILIZED. IN 1976 THE CEILING WAS
DM 75 BILLION. THE GOVERNMENT HAS PROPOSED INCREASING
THE 1978 CEILING TO DM 130 BILLION.

5. IN ADDITION TO GUARANTIES GRANTED TO COVER EXPORT
CREDITS ON REALIZED FOREIGN SALES, HERMES WILL ISSUE
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 03158 01 OF 03 211633Z

COMMITMENTS ON TRANSACTIONS STILL UNDER NEGOTIATION.
AT YEAR END 1977, THESE (PRELIMINARY) COMMITMENTS
AMOUNTED TO DM 80 BILLION AS COMPARED TO
DM 65 BILLION FOR 1976, DM 57.8 BILLION FOR 1975 AND ONLY
DM 18.5 BILLION AT THE END OF 1974 - AN AVERAGE ANNUAL
GROWTH RATE OF ALMOST 63 PERCENT.

6. DEVELOPMENTS IN THE GOVERNMENT'S EXPORT CREDIT

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 03158 02 OF 03 211637Z

ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 XMB-04 AID-05 CIAE-00 COME-00

EB-08 FRB-01 INR-10 NSAE-00 USIA-15 OPIC-06 SP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01

PA-02 L-03 H-02 DOE-11 SOE-02 ACDA-12 OES-07

IO-14 NRC-07 /170 W

-----108042 211721Z /40

R 211622Z FEB 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6034

DEPARTMENT TREASURY

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

UNCLAS SECTION 02 OF 03 BONN 03158

INSURANCE SYSTEM FROM 1974 ONWARD ARE SUMMARIZED IN THE
TABLES BELOW:

	INSURED	EXPORT ORDER	
	TOTAL	EXPORT ORDER	VALUE IN PERCENT
	FRG EXPORTS	VALUE	OF TOTAL EXPORTS
	(DM BILL.)	(DM BILL.)	
	-----	-----	
1974	230.6	15.2	6.6
1975	221.6	19.8	8.9
1976	256.6	26.2	10.2
1977	273.5	33.7	12.3

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 03158 02 OF 03 211637Z

	NEWLY		GUARANTIES	
	GUARANTY ISSUED	PERC. CHANGE	OUTSTANDING	
	CEILING	GUARANTIES OVER PRE-	AT END OF YEAR	
	(DM BILL.)	(DM BILL.)	VIOUS YEAR	(DM BILL.)
	-----	-----	-----	
1974	40	19.7	80.7	39.7
1975	60	26.4	34.0	48.9
1976	75	34.0	28.8	69.3
1977	110	51.3	50.9	82.2

FRG EXPORT INSURANCE BROKEN DOWN BY REGION DEVELOPED
AS FOLLOWS:

OUTSTANDING GUARANTIES AT YEAR END

BILLION DM PERCENT SHARE

1975 1976 1977 1975 1976 1977

NON-OPEC DEVELOPING

COUNTRIES 1/	16.0	23.7	25.6	32.8	34.2	31.1
OPEC COUNTRIES	16.6	26.1	35.9	33.9	37.7	43.7
EAST BLOC COUNTRIES						
2/	11.6	13.8	14.3	23.7	19.9	17.4
OTHER COUNTRIES 3/	3.0	3.5	4.0	6.1	5.0	4.9
NOT BROKEN DOWN 4/	1.7	2.2	2.4	3.5	3.2	2.9
TOTAL	48.9	69.3	82.2	100	100	100

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BONN 03158 03 OF 03 211637Z
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 XMB-04 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 USIA-15 OPIC-06 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01
PA-02 L-03 H-02 DOE-11 SOE-02 ACDA-12 OES-07
IO-14 NRC-07 /170 W
-----108044 211719Z /40

R 211622Z FEB 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6035
DEPARTMENT TREASURY
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

UNCLAS SECTION 03 OF 03 BONN 03158

1/ SINCE 1976 INCLUDING PORTUGAL
2/ EXCLUDING YUGOSLAVIA
3/ MAINLY WESTERN INDUSTRIALIZED COUNTRIES, UP TO
1975 INCLUDING PORTUGAL
4/ PRINCIPALLY LUMP-SUM GUARANTIES (PAUSCHALGARANTIEN),
I.E., GUARANTIES FOR PRINCIPALLY ALL EXPORT OF ONE
EXPORTER TO VARIOUS CUSTOMERS

7. HERMES PAYMENTS FOR DAMAGES ROSE SHARPLY IN 1977
INCREASING TO DM 156.3 MILLION AS COMPARED WITH DM 45.6
MILLION IN 1976. THE BULK OF THE PAYMENTS, AS IN
PREVIOUS YEARS, WERE FOR POLITICAL DAMAGES. THESE
ALMOST QUADRIPILED IN 1977 WHILE PAYMENTS FOR ECONOMIC
DAMAGES DECLINED SLIGHTLY. HOWEVER, COMPARED WITH THE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 03158 03 OF 03 211637Z

DM 82.2 BILLION OF GUARANTIES OUTSTANDING AT THE END
OF 1977 DAMAGE PAYMENTS REMAINED INSIGNI-
FICANT. HERMES RECEIPTS OF FEES FOR GUARANTIES, DUE TO
THE RAPID INCREASE IN NEWLY-ISSUED GUARANTIES, ALSO
INCREASED SUBSTANTIALLY IN 1977, RISING FROM DM 327
MILLION IN 1976 TO DM 407 MILLION IN 1977, OR BY
24 PERCENT.
MEEHAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, POLICIES, CREDIT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN03158
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780078-0327
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780234/aaaabcrn.tel
Line Count: 253
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 940c61d3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3540769
Secure: OPEN
Status: NATIVE
Subject: SHARP INCREASE IN FRG EXPORT CREDIT GUARANT- IES IN 1977
TAGS: EFIN, ETRD, OECD
To: STATE TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/940c61d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014